



2011

FAIR LABOR ASSOCIATION

INDEPENDENT EXTERNAL VERIFICATION REPORT *

COMPANY: NK Apparel Co. Ltd.**COUNTRY:** Thailand**FACTORY CODE:** 610074143HV**MONITOR:** Global Standards**AUDIT DATE:** December 20, 2011**PRODUCTS:** Sport Tops, Sport Bottoms**PROCESSES:** Cutting, Sewing, Finishing**NUMBER OF WORKERS:** 659

FLA Comment: This report was submitted with a corresponding corrective action plan to the FLA and was reviewed by FLA staff. In an effort to improve the effectiveness of remediation, the FLA has provided feedback and recommendations to the company, however the recommendations have not been agreed or incorporated by the company. The report is posted in its current state and is considered finalized. Updates on the progress of the corrective action will be posted when received by the company.

*To read the original IEM report of this factory, please visit the FLA website [here](#).
For an explanation on how to read this report, please visit the FLA website [here](#).



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Code Awareness:

GEN.2 Ensure that all Company factories as well as contractors and suppliers inform their employees about the workplace standards orally and through the posting of standards in a prominent place (in the local languages spoken by employees and managers) and undertake other efforts to educate employees about the standards on a regular basis.

Noncompliance

Explanation: Workers are not familiar with the Code Standards. The factory has not made a sufficient effort to internalize the code of conduct or communicate it to workers.

Plan Of Action: Communicate the Workplace Standards/Code Standards in the workplace.

Deadline Date: 11/15/2009

Supplier CAP:

1. Post the Workplace Standards on information boards
2. Put the Workplace Standards in the orientation program

Supplier CAP Date: 11/15/2009

Action Taken:

1. The factory posted the Workplace Standards on all of the information boards.
2. HR put the Workplace Standards into the orientation program for new workers.
3. HR set up HR mass communication to communicate compliance events in the workplace.

Plan Complete: Yes

Plan Complete Date: 11/15/2009

Action Verified: No

Action Verified Text: Ongoing: Only a few workers interviewed were aware of a code and understood the purpose of the code as outlined by Fair Labor Association or affiliated companies.

Action 12/20/2011
Verified
Date:

Code Awareness:

GEN.3 Develop a secure communications channel, in a manner appropriate to the culture and situation, to enable Company employees and employees of contractors and suppliers to report to the Company on noncompliance with the workplace standards, with security that they shall not be punished or prejudiced for doing so.

Noncompliance

Explanation: Grievance box procedures were not properly conducted or communicated properly to workers. Currently, senior management manages a portion of this process from a distance (2 hour drive away). This interferes with the system.

Plan Of Action: Review the grievance procedure in order to revise the implementation steps

Deadline Date: 08/01/2009

Supplier CAP:

1. Revise the grievance box procedure
2. Put individuals in charge
3. Set up the communication method

Supplier CAP Date: 08/01/2009

Action Taken: The factory set up:

1. The grievance box opening; individuals to be in charge include the Welfare Committee representatives and the HR manager; opening frequency will be 2 times/month.
2. The grievance event investigation and decision-making. A committee will handle severe issues and management will handle general issues.
3. The grievance event communication: confidential for severe issues; set as an agenda item in the Welfare Committee meetings; mass communication will be used for some general issues.

4. The grievance event record: record in format and keep with the HR department.

**Plan
Complete:** Yes

**Plan
Complete
Date:** 09/15/2009

**Action
Verified:** No

**Action
Verified
Text:** Completed: There is a grievance box in the lunchroom area. An explanation of how to use it is posted. There are policies in writing concerning the use of the grievance box. There is a record of complaints.

**Action
Verified
Date:** 12/20/2011

Health and Safety: Health and Safety Management System

H&S.5 The health and safety policy shall contain the framework for a comprehensive health and safety management system within which employers' responsibilities and workers' rights and duties, various responsibilities of designated personnel, procedures that enable workers to raise health and safety concerns and procedures for reporting death, injury, illness and other health and safety issues (for instance, near-miss accidents) are clear and regularly tested and reviewed. (P)

Noncompliance

Explanation: There is no special medical testing for workers that use chemicals. There is no health examination report for employees who work with harmful chemicals (Form SO. 4).

Legal Reference: Notification of the Ministry of Interior (RE: Working safety relating to harmful chemicals)

**Plan Of
Action:** Special medical testing should be provided, special groups need to be created, and the relevant tests should be provided. The factory should monitor the results of the special medical testing and take corrective action (if any).

**Deadline
Date:** 10/15/2009



- Supplier CAP:**
1. Set up the special medical testing
 2. Define the special group of employees and put their names on a list
 3. Communicate the testing to all of the workers in the special group
 4. Provide the special medical testing
 5. Monitor the special medical testing results

Supplier CAP 10/15/2009
Date:

- Action Taken:**
1. Safety officer defined the special group for special medical testing: maintenance operators; QC/QA operators; spot-cleaning operators (they use Solvent T-9).
 2. Safety officer provided the meeting/training for all of the workers in the special group.
 3. Factory provided the special medical testing on October 10, 2009, by [Health checking center name].
 4. Safety officer checked/monitored the test results and found that all results are "NORMAL."

Plan Complete: Yes

Plan Complete Date: 10/10/2009

Action Verified: No

Action Verified Text: Completed: The workers using the chemicals at the spot-lifting station are well versed in safe operations and chemical handling. They have received special medical tests and are free of occupational illnesses as per the medical tests.

Action Verified Date: 12/20/2011

Health and Safety: Evacuation Requirements and Procedure

H&S.9 All applicable legally required or recommended elements of safe evacuation (such as posting of evacuation plans, the installation and maintenance of an employee alarm and emergency lighting systems, ensuring aisles/exits are not blocked and that workers are not blocked within their workstations, employee education, evacuation procedures, etc.) shall be complied with. Workers shall be trained in evacuation procedures. Alarm systems shall be regularly tested and evacuation drills shall be undertaken at least annually. (S)

Noncompliance

- Explanation:**
1. Fire emergency plan is not clearly visible. There are no "you are here," markings, and there are no directional arrows for evacuation in each section.
 2. Exit arrows are worn out and are missing in many areas, and the painted aisles do not follow production. 1 exit door (B Sewing Section) is locked during the OT break.
 3. Aisles are blocked with various materials and machines.
 4. Designated staff does not appear to understand the purpose of the evacuation plan or the necessity of communicating it to workers.

Legal Reference: Notification of Ministry of Interior, Re: Working safety relating to protection and prevention of fire for employees, Chapter 1: General, clause 4

Plan Of Action: Review the fire protection and evacuation system and provide the training to all the relevant individuals.

Deadline Date: 10/31/2009

- Supplier CAP:**
1. Revise the fire emergency plan
 2. Survey and repair all the exit arrows/evacuation routes
 3. Set up the layout audit by CR Section (safety officer; monthly frequency)
 4. Provide refresher training on the fire evacuation plan

Supplier CAP Date: 10/31/2009

- Action Taken:**
1. Safety officer revised the fire emergency plan by adding the "you are here," markings - add directional arrows for evacuation in all sections.
 2. The maintenance division repaired all of the exit arrows/evacuation ways.

3. CR section/safety officer set up the layout audit and the safety audit.

4. Factory provided the training about the fire protection and the evacuation system; the HR director provided the training to the safety officer (a refresher training). The safety officer provided the training to all the leaders, supervisor and up. The safety officer communicated to all workers via "HR mass communication."

**Plan
Complete:** Yes

**Plan
Complete
Date:** 10/27/2009

**Action
Verified:** No

**Action
Verified
Text:** Completed: The emergency evacuation plan has all the required information and is clearly posted throughout the factory. The aisles are clearly marked and passable and exit arrows are in place. Workers demonstrated knowledge of proper evacuation.

Pending: 1 of the marked emergency exits in the sewing section was still locked during working hours.

**Action
Verified
Date:** 12/20/2011

Health and Safety: Safety Equipment and First Aid Training

H&S.10 All safety and medical equipment (such as fire fighting equipment, first aid kits, etc.) shall be available in sufficient numbers throughout the factory, maintained and stocked as prescribed and easily accessible to workers. A sufficient number of workers shall be trained in first aid and fire fighting techniques. (S)

Noncompliance

Explanation: 1. First aid boxes have items missing (e.g. tourniquet, gauze/no usage records are maintained).

2. There was no general training in fire fighting conducted in the last year.

Legal References: 1. Notification of Ministry of Interior, Re: Prescribing welfare in connection with the health and sanitation of employee, clause 2, 23 basic first aid equipment/ pharmaceutical supplies for 10 or more employees-workplace; 2. Notification of Ministry of Interior, Re: Working safety relating to protection and prevention of fire for employees, Chapter 3: Fire fighting

Plan Of Action: Review the first aid box system and provide basic fire fighting training.

Deadline Date: 10/31/2009

Supplier CAP: 1. Added elastic and bandages for blood stopping in the first aid boxes. Train the responsible persons on first aid box handling and records. Check the stock of the equipment/pharmaceuticals in the first aid boxes weekly.
2. Provide fire-fighting training.

Supplier CAP Date: 10/31/2009

Action Taken: 1. Factory supplied the elastics/bandages for blood stopping in all the first aid boxes. Safety officer provided the training for all the responsible persons.
2. Factory provided the basic fire fighting training to the workers (40% of the total workers).

Plan Complete: Yes

Plan Complete Date: 10/31/2009

Action Verified: No

Action Verified Text: Completed: First aid boxes contain proper items. Required numbers of workers are trained in basic fire fighting.

Action 12/20/2011
Verified
Date:

Health and Safety: Chemical Management and Training

H&S.13 All chemicals and hazardous substances shall be properly labeled and stored in accordance with applicable laws. Labels shall be placed in the local language and the language(s) spoken by workers, if different from the local language. Workers shall receive training, appropriate to their job responsibilities, concerning the hazards, risks and the safe use of chemicals and other hazardous substances. (S)

Noncompliance

Explanation: 1. Some containers (spray cans) were not labeled in Thai.
 2. There were only incomplete MSDS for chemicals at the spot-lifting station.
 3. Improper transfer of chemicals - workers were found eating their lunch at the spray station. Lack of a proper chemical management program in place.
 Legal Reference: 3. Notification of Ministry of Interior (Re: working safety relating to harmful chemicals). Chapter 1, work in relating to harmful chemicals.

Plan Of Action: Review the chemical and hazardous substances management system.

Deadline 10/31/2009
Date:

Supplier
CAP:

Supplier CAP 10/31/2009
Date:

Action Taken: 1. Review and correct the chemical and hazardous substance labels
 2. Provide an MSDS for Solvent T-9 at the spot-lifting station
 3. Provide the training about Solvent T-9 usage to the workers at the spot-lifting station
 4. Provide the visual sign/label (EATING PROHIBITED) at the spot-lifting station

5. Communicate to workplace about the "EATING PROHIBITED AREA" via HR mass communication

**Plan
Complete:** Yes

**Plan
Complete
Date:** 10/31/2009

**Action
Verified:** No

**Action
Verified
Text:**

1. Safety officer attached a "Thai language" label onto spray cans.
2. Safety officer posted the complete MSDS for Solvent T-9 at the spot-lifting station. MSDS are available for all chemicals in use.
3. Safety officer provided the training to all of the workers (2 people) at the spot-lifting station on usage, transfer, and first aid.
4. Safety officer posted the visual sign/label (EATING PROHIBITED) at the spot-lifting station.
5. Safety officer communicated to the workplace about the "EATING PROHIBITED AREA" via HR mass communication. No workers were found eating at the workstations.

**Action
Verified
Date:** 12/20/2011

Health and Safety: Material Safety Data Sheets/Worker Access and Awareness

H&S.14 Material Safety Data Sheets (MSDS) for all chemicals used in the factory must be available at the usage and storage sites of the chemicals, in the local language and the language(s) spoken by workers, if different from the local language. Workers shall have free access to MSDS. (P)

Noncompliance

Explanation: MSDS are not available for some chemicals.

Legal Reference: Notification of Ministry of Interior (Re: working safety relating to harmful chemicals) Chapter 1, work in relating to harmful chemicals

Plan Of Action: Review the chemical and hazardous substance management system

Deadline Date: 10/15/2009

Supplier CAP:

1. Create a checklist of all of the chemicals used in the factory
2. Contact the vendor/supplier that supports the MSDS
3. Post the MSDS in both the storage area and the usage area

Supplier CAP Date: 10/15/2009

Action Taken:

1. The safety officer provided the checklist of chemicals used.
2. The safety officer contacted all the vendors/suppliers and already got all the MSDS.
3. The safety officer posted the MSDS in all the chemical storage and usage areas.

Plan Complete: Yes

Plan Complete Date: 10/15/2009

Action Verified: No

Action Verified Text: Completed: MSDS are available for all chemicals in use and are well posted in the factory, and all chemicals in use are reported to the relevant authorities.

Action Verified Date: 12/20/2011

Health and Safety: Other - Health and Safety

Other

Noncompliance

Explanation: The factory has not conducted environmental testing in 2008-2009.

Legal Reference: Notification of Ministry of Interior, Re: working safety with respect to environmental conditions

Plan Of Action: Contact the Government Safety Center to track the environmental test report.

Deadline Date: 08/05/2009

Supplier CAP: Contact the Safety Center to track the results of the test report.

Supplier CAP Date: 08/05/2009

Action Taken: 1. Safety Center conducted an environmental test on July 15, 2009, and the report was established on July 15, 2009.

2. The factory received the report on August 5th.

Plan Complete: Yes

Plan Complete Date: 08/05/2009

Action Verified: No

Action Verified Text: Completed: Environmental tests were conducted in accordance with the Thai regulations and all results (air, noise, lighting) are within international standards.

Action 12/20/2011
Verified
Date:

Hours of Work: Meal and Rest Breaks

HOW.3 Employers shall provide reasonable meal and rest breaks, which, at a minimum, must comply with local laws. (S)

Noncompliance

Explanation: New Finding: Workers were found using their lunchtime breaks to conduct finishing work in the sewing department. Based on our observations, they are using 15 to 30 minutes of their lunch break to work and these hours are unrecorded in the payroll.

Plan Of Communicate to the various employees about the break time requirements:

Action:

1. Communicate to all the line leaders, leaders, supervisors and management
2. Communicate to all the workers

Deadline 01/19/2013
Date:

Supplier 1. HR manager will communicate about/emphasize the lunch break time requirements
CAP: to the compliance staff.

2. HR manager will communicate about/emphasize the lunch break time requirements to Management (Asst. Div. Mgr. and up).

3. Compliance staff will facilitate a meeting/training for all the line leaders, leaders, and supervisors.

4. Compliance staff will host a meeting for all workers.

Supplier CAP 01/19/2013
Date:

Action 1. HR manager communicated about/emphasized the lunch break time requirements to
Taken: compliance staff (January 15, 2013).

2. HR manager communicated about/emphasized the lunch break time requirements to management (Asst. Div. Mgr. and up) on January 15, 2013.

Plan No
Complete:

Plan
Complete
Date:

Hours of Work: Overtime/Calculation Over Period Longer Than One Week

HOW.10. Employers are allowed to calculate normal hours of work as an average over a period of longer than one week where local laws, regulations and procedures provide for such a possibility but only when all formal and procedural requirements attached to such calculation (for instance, obtaining official permission from the relevant authorities or limits to the period during which such calculations can be made) are met. The basis for such calculation shall, however, remain at all times the lesser of 48 hours per week or legal limits on hours of work in the country of manufacture or, where such legal limits do not exist, the regular work week in such country. (S)

Noncompliance

Explanation: Workers worked in excess of code limits for 3 consecutive weeks (72-76 hours per week). The factory needs to re-evaluate production planning and related staffing procedures.

Plan Of Set up and promote the Working Hour Control Policy
Action:

Deadline 08/10/2009
Date:

Supplier 1. Set up the proactive warning report so that the production director/factory
CAP: manager/division manager is notified about the working hour control issues
2. Promote the Working Hour Control Policy

Supplier CAP 08/10/2010
Date:

Action Taken: 1. The factory set up the proactive warning report system concerning the working hours. This report goes to the production director/factory manager/division manager. The system reports the persons at risk of working more than 60 hours a week in order to help the production director/factory manager/division manager manage their working hours (data is available every Wednesday and Friday and the report will issue by the end of Thursday and Saturday). There is also a monthly report, which is received by the production director/factory manager/division manager in order to manage the working hours for the next month.

2. The factory promoted the Working Hour Policy in the workplace: No OT on Wednesday and Saturday. As of Wednesday, (3 days into the workweek), "Normal Work Hours should be less than or equal to 24 hours, OT should be less than or equal to 6 hours and Total Work Hours should be less than or equal to 30 hours. As of Friday (5 days into workweek), Normal Work Hours should be less than or equal to 40 hours, OT should be less than or equal to 12 hours, and Total Work Hours should be less than or equal to 52 hours."

Plan Complete: Yes

Plan Complete Date: 08/10/2009

Action Verified: No

Action Verified Text: Completed: The review of the time records revealed that the working hours do not exceed 60 hours per week.

Action Verified Date: 12/20/2011